



Congressman

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Statement of Chairman John M. McHugh

House National Security Committee Panel on Morale, Welfare, Recreation

Hearing on the Military Resale System

March 20, 1997

The focus of today's hearing is an overview of the military resale system—the commissary and exchange programs that serve our service men and women and their families so well.

At the outset it is important to note that from my perspective as chairman, the overarching responsibility of the panel is to ensure the health of the resale system so that we preserve the benefit and quality of life for the people who serve in the military. Perhaps just as important, at a time when we are under increased pressure to balance the federal budget and to do more with less, we must strive to wring operational efficiencies and cost savings out of the system where we can.

Unfortunately, the atmosphere in which we in Congress and the Department of Defense have been working has been clouded by a series of initiatives that have been undertaken without sufficient congressional consultation. For many years, a spirit of informality, cordiality, and comity characterized relations between DOD and Congress in the realm of MWR issues. Within the last year, DOD's unilateral decision to raise the price of tobacco products in commissaries, to move forward with the process of exchange integration, and proposal to lift exchange merchandise restrictions—all undertaken without sufficient notice to Congress or when Congress wasn't in session—have threatened to erode that relationship.

I can appreciate the need for the department to be proactive and to move out smartly in seeking to achieve the goals I alluded to earlier. However, the system is not well served by the implementation of policy reforms that are not fully coordinated with the branch of government charged with overseeing the system. I would emphasize that my concern is not so much with the substance of the policy initiatives—for example, I think many members of the panel probably support the tobacco decision from a policy standpoint—as with the process used to achieve the result. At this juncture, I would only note that as Chairman of the MWR Panel, I will work to ensure that congressional oversight prerogatives concerning

the MWR system are fully recognized and protected. I hope not to let egos and rhetoric stand in the way of what's best for service members and the system as a whole, and I look forward to the department's adoption of a more constructive mode of operation so that we may again work together in the months and years ahead for the benefit of the MWR system.

Having said that, I want to emphasize the importance of today's hearing. The military resale system is at a crossroads. As we continue our efforts to balance the federal budget and to downsize the Department of Defense in the post-Cold War era, there is increased pressure to reduce appropriated fund support for many of DOD's resale activities in favor of more funding for weapons systems and other traditional defense activities. That pressure, in turn, puts a premium on the ability of the system to realize operational savings and efficiencies.

At the same time, we have to protect, improve, and enhance this critically important quality of life benefit for both current and future military personnel and their families. If the military is to remain an attractive career choice for today's youth, we have to make sure that the quality of the benefit available through the resale system keeps pace with the choices available in the private sector. With an increasingly married force who are discriminating shoppers, it is imperative that the products and services available through the resale system remain first rate.

Given these competing pressures on the resale system and in order to ensure its well being, we need to thoughtfully examine the proposals to change the system. I look forward to hearing about both the state of the resale system and about proposals for how to improve it from our witnesses.

I want to welcome our witnesses at today's hearing—Fred Pang, Assistant Secretary of Defense for Force Management Policy; Major General (retired) Richard Beale, Director of the Defense Commissary Agency; Major General Doug Bunker, Commander of the Army and Air Force Exchange Service; Rear Admiral Paul Soderberg, Commander of the Navy Exchange Service Command; and John Tharrington, acting head of the Marine Corps Exchange. I look forward to your testimony.

Before proceeding to our witnesses, let me now recognize the panel's ranking Democrat, Martin Meehan, for any opening comments he chooses to make.

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